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# Weinberger Drug Stores, Inc.

**Annual Report to Stockholders**
**for the Fiscal Year**
**ended June 30, 1944**

# WEINBERGER DRUG STORES, INC.



DIRECTORS

J. G. Gosling
Mortimer Jacobs
M. M. Neubauer
Joseph Spivack
Thomas H. Jones
L. J. Wolf
Adolph Weinberger

OFFICERS

Adolph Weinberger.....*President and Treasurer*
Joseph Spivack.....*Executive Vice-President*
Milton Neubauer.....*Vice-President*
Henry Gray.....*Vice-President*
C. W. Evans.....*Vice-President, Secretary and Assistant Treasurer*

REGISTRAR AND TRANSFER AGENT
The Cleveland Trust Co.

AUDITORS
Ernst & Ernst

Cleveland, Ohio
August 23, 1944

To our Stockholders:

The Annual Report of Weinberger Drug Stores, Inc., covering the operations of the Company and its subsidiary for the fiscal year ended June 30, 1944, is herewith submitted. The Consolidated Balance Sheet and Consolidated Profit and Loss and Surplus have been examined by Ernst & Ernst, Certified Public Accountants, and their opinion is included herein.

Net Profit for the fiscal year, after deducting all charges including provisions for depreciation and for all Federal and other taxes, was equivalent to $1.78 per share on the 90,000 shares outstanding for the fiscal year ended June 30, 1944, as compared to $2.04 per share for the fiscal year ended June 30, 1943. Provision for Federal Income and Excess Profits Taxes for the fiscal year ended June 30, 1944 was $344,816.20 compared with $355,370.60 for 1943.

Merchandise inventories, including merchandise in transit amounted to $1,486,399.79 compared with $1,774,021.87 at June 30, 1943. The reduction in inventory, together with favorable earnings, enabled the Company to pay off all bank loans, which loans amounted to $180,000.00 on June 30, 1943.

Subsequent to the retirement of the bank loans, your Directors authorized an increase in the quarterly dividend from 12½c to 25c and the payments for April 1, 1944 and July 1, 1944 were at this increased rate.

During the year an important step forward in our employee's benefit program was the formation of the Weinberger Pension Plan. Subject to U. S. Treasury Department approval, this Plan becomes effective as of April 1, 1944 and a substantial number of employees, including officers of the corporation, are eligible to participate. A booklet describing the Plan is enclosed.

The Company is in the process of completing another forward-looking step in the development of its retail outlets. At the present time, our largest store in volume of sales is located at the southwest corner of Euclid Avenue and 105th Street in Cleveland. This store has a frontage on Euclid Avenue of 20 feet and is located in a building having a frontage on Euclid Avenue of 120 feet, the balance of which is being occupied by The Woolworth Company and two small specialty retail stores. The Company has contracted to purchase the underlying leasehold covering this entire corner parcel at a price of $85,000.00, which will not only assure its occupancy of this valuable location but present the opportunity, when wartime regulations permit, to substantially enlarge its store at that location.

Accompanying this report is a notice of the Annual Meeting of Stockholders to be held on September 12, 1944, together with Proxy Statement and Proxy. If you should be unable to attend this meeting, we trust that you will promptly sign and return the Proxy so that your stock may be voted at this meeting.

Very truly yours,

**ADOLPH WEINBERGER**
President

**WEINBERGER DRUG STORES, INC.**

CONSOLIDATED

WEINBERGER DRUG STORE

June 3

## ASSETS

| | | | |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash on hand and demand deposits (includes time deposit of $2,406.61) | | $ 379,705.77 | |
| Trade accounts receivable | | 28,870.34 | |
| Tax stamps—state | | 23,537.11 | |
| Inventories—at lower of cost or market: | | | |
| At stores | $ 754,058.92 | | |
| At warehouse | 643,952.79 | | |
| At laboratory | 29,259.55 | | |
| | $1,427,271.26 | | |
| In transit | 59,128.53 | 1,486,399.79 | $1,918,513.01 |
| **OTHER ASSETS** | | | |
| Deposit in escrow for purchase price of leasehold | | $ 85,000.00 | |
| Cash surrender value of life insurance | | 54,795.58 | |
| Miscellaneous receivables, deposits, etc. | | 13,641.68 | 153,437.26 |
| **FIXED ASSETS** | | | |
| Furniture and fixtures, etc.—at cost | $ 707,426.82 | | |
| Leasehold improvements—at cost | 266,690.23 | $ 974,117.05 | |
| Less reserves for depreciation and amortization | | 588,029.84 | 386,087.21 |
| **PATENTS AND TRADE-MARKS** | | | 1.00 |
| **DEFERRED CHARGES** | | | |
| Prepaid insurance | | $ 16,350.23 | |
| Taxes | | 18,449.27 | |
| Other | | 6,642.08 | 41,441.58 |
| | | | $2,499,480.06 |

Note A—The management of the Company other than a pending claim for personal injury a and the amount involved, the proceedings will Company, result in any losses of a material amo

BALANCE SHEET

S, INC., AND SUBSIDIARY

, 1944

## LIABILITIES, CAPITAL STOCK, AND SURPLUS

### CURRENT LIABILITIES

| | | | |
|---|---|---|---|
| Accounts payable: | | | |
| Trade accounts | $ 287,120.55 | | |
| Salaries and wages | 29,152.47 | | |
| Pay roll taxes | 35,516.91 | | |
| Liability for employees war bond deductions | 10,626.40 | $ 362,416.33 | |
| Accrued: | | | |
| Taxes (other than taxes on income) | $ 58,907.08 | | |
| Rent | 35,164.95 | 94,072.03 | |
| Federal taxes on income of the year ended June 30, 1944—estimated | $ 344,600.00 | | |
| Less U. S. Treasury Notes, Tax Series (purchased and held for payment of taxes) | 110,000.00 | 234,600.00 | $ 691,088.36 |

### RESERVE

| | |
|---|---|
| For postwar adjustments and general contingencies | 112,000.00 |

### CAPITAL STOCK AND SURPLUS

| | | | |
|---|---|---|---|
| Capital stock (without par value): | | | |
| Authorized 100,000 shares | | | |
| Outstanding 90,000 shares | | | |
| Stated capital | | $ 639,670.00 | |
| Surplus: | | | |
| Capital surplus | $ 135,815.44 | | |
| Earned surplus | 920,906.26 | 1,056,721.70 | 1,696,391.70 |
| | | | $2,499,480.06 |

has no knowledge of any contingent liabilities
s to which, considering the nature of such claim
not, in the opinion of the management of the
unt to the Company and its subsidiary.

# CONSOLIDATED PROFIT AND LOSS AND SURPLUS

## WEINBERGER DRUG STORES, INC., AND SUBSIDIARY

### Year ended June 30, 1944

### PROFIT AND LOSS SUMMARY

| | | |
|---|---|---|
| Gross profit | | $3,028,206.77 |
| Selling, general, and administrative expenses | | 2,518,308.68 |
| | | $ 509,898.09 |
| Other income: | | |
| Revenue from telephones, etc. | $ 10,126.15 | |
| Discount on tax stamps | 5,136.60 | |
| Gain on disposal and abandonment of fixed assets—net | 2,155.52 | |
| Miscellaneous | 1,096.75 | 18,515.02 |
| | | $ 528,413.11 |
| Other deductions: | | |
| Provision for postwar adjustments and general contingencies | $ 12,000.00 | |
| Miscellaneous | 11,319.25 | 23,319.25 |
| PROFIT BEFORE FEDERAL TAXES ON INCOME | | $ 505,093.86 |
| Federal taxes on income: | | |
| Provision for current year—estimated: | | |
| Normal income tax and surtax | $ 87,600.00 | |
| Excess profits tax (less credit of $28,500.00 for debt retirement and $50.00 postwar refund) | 256,950.00 | |
| | $ 344,550.00 | |
| Adjustment for prior year | 266.20 | 344,816.20 |
| NET PROFIT | | $ 160,277.66 |

Note—Provisions for depreciation and amortization included above aggregated $87,282.09.

### SURPLUS

| | | | |
|---|---|---|---|
| CAPITAL SURPLUS | | | |
| Balance at July 1, 1943, and June 30, 1944—no change during the year | | | $ 135,815.44 |
| EARNED SURPLUS | | | |
| Balance at July 1, 1943 | | $ 828,132.04 | |
| Net profit for year ended June 30, 1944 | | 160,277.66 | |
| | | $ 988,409.70 | |
| Cash dividends: | | | |
| $.12½ a share paid Oct. 1, 1943 | $ 11,251.73 | | |
| $.12½ a share paid Jan. 3, 1944 | 11,251.71 | | |
| $.25 a share paid Apr. 1, 1944 | 22,500.00 | | |
| $.25 a share paid July 1, 1944 | 22,500.00A | 67,503.44 | |
| BALANCE AT JUNE 30, 1944 | | | 920,906.26 |
| TOTAL SURPLUS AT JUNE 30, 1944 | | | $1,056,721.70 |

Note A—Cash dividend of $.25 a share was declared on stock of record at June 24, 1944, payable July 1, 1944. Prior to June 30, 1944, the Company deposited funds with the dividend disbursing agent for payment of such dividend.

Board of Directors,
Weinberger Drug Stores, Inc.,
Cleveland, Ohio.

We have examined the consolidated balance sheet of Weinberger Drug Stores, Inc., and its subsidiary as of June 30, 1944, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Amounts stated for inventories were based on physical quantities determined by employees of the Company at or near June 30, 1944, and adjusted for intervening transactions between dates of inventory taking and June 30, 1944. Our examination included observation of procedures followed by the Company in ascertaining physical quantities at the warehouse, laboratory, and certain stores selected by us, and tests of prices, computations, and inventory records.

In our opinion, the accompanying balance sheet and related summary of profit and loss and surplus present fairly the consolidated position of Weinberger Drug Stores, Inc., and its subsidiary at June 30, 1944, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Cleveland, Ohio
August 22, 1944